

EXHIBIT 1

INTRODUCTION

During the first two months of 2000, Respondent Roger B. Klorese contributed a total of \$125,000.00 to the “No on Knight – No on Prop 22” committee, in opposition to a ballot initiative that was submitted to the voters in the March 7, 2000 election. Because his contributions exceeded \$10,000.00 in a calendar year, Respondent thereby became a “major donor” who was required by the Political Reform Act (the “Act”) ¹ to file campaign statements reporting his contributions. One of the contributions was for \$50,000.00 and was made within the last sixteen days prior to an election, therefore Respondent was required to report that contribution in a late contribution report. This late contribution report was supposed to have been filed within 24 hours after the contribution was made. Respondent was also required to report his contributions in a major donor statement, that was supposed to have been filed by July 31, 2000, to report contributions made during the period January 1, 2000-June 30, 2000. Respondent failed to file either of these required statements in a timely manner, in violation of section 84200, subdivision (b), and section 84203, subdivision (b) of the Act.

For the purposes of this Stipulation, Respondent’s violations of the Act would be stated as follows:

- COUNT I:** On or about and between February 24-25, 2000, Respondent Roger B. Klorese failed to file a late contribution report within 24 hours of making a late contribution of \$50,000.00, in violation of section 84203, subdivision (b) of the Government Code.
- COUNT II:** On or about July 31, 2000, Respondent Roger B. Klorese failed to timely file a major donor campaign statement for the reporting period January 1, 2000-June 30, 2000, in violation of section 84200, subdivision (b) of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to assure that receipts and expenditures in election campaigns be fully and truthfully disclosed, in order that voters may be fully informed, and improper practices may be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

¹ The Political Reform Act is contained in sections 81000 through 91014 of the Government Code. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission, enacted pursuant to the provisions of the Act, are contained in sections 18000, *et seq.*, of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

One feature of the system, found at section 82013, subdivision (c), is that any person who makes a contribution totaling ten thousand dollars (\$10,000) or more in a calendar year, to or at the behest of candidates or committees, qualifies as a committee. As a committee, this “major donor” is required by the Act to file campaign statements.

Late Contribution Reports (Count 1)

Section 84203, subdivision (a) requires a major donor to file reports disclosing any late contributions that the donor makes. A “late contribution” is defined in section 82036 as any contribution aggregating one thousand dollars (\$1,000) or more, made before the date of an election, but after the closing date of the last campaign statement required to be filed prior to the election. For an election not held in June or November of an even-numbered year, section 84200.8 provides that the late contribution period covers the last sixteen days prior to the election. Under section 84203, subdivision (b) a late contribution report must be filed within twenty-four (24) hours after a late contribution is made.

Major Donor Reports (Count 2)

Section 84200, subdivision (b) requires all persons who qualify as a major donor committee under section 82013, subdivision (c), to file semi-annual campaign statements each year, no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31, if the person has made contributions or independent expenditures, during the six-month period before the closing date for the statement.

SUMMARY OF THE FACTS

The “No on Knight – No on Prop 22” committee received a \$50,000 contribution from Respondent on February 24, 2000. This brought Respondent's total contributions to the committee to \$125,000 since January 1, 2000.

Count 1: Failure to file a late contribution report within 24 hours of making the contribution, in violation of section 84203, subdivision (b) of the Government Code.

According to a late contribution report and a semi-annual campaign statement filed by the “No on Knight – No on Prop 22” committee with the Office of the Secretary of State, the “No on Knight – No on Prop 22” committee received a \$50,000.00 contribution from Respondent on February 24, 2000.

A search of the late contribution reports on file with the Office of the Secretary of State establishes that Respondent failed to file a late contribution report, disclosing his \$50,000 contribution to the “No on Knight – No on Prop 22” committee. Additionally, on or about September 29, 2000, Enforcement Division Investigator Jon Wroten contacted Respondent by telephone and Respondent stated that he had checked his records and verified that he had indeed

made the late contribution in question on the date alleged. By failing to file this report in a timely manner, Respondent violated section 84203, subdivision (b) of the Government Code.

Count 2: Failure to file a semi-annual major donor statement by July 31, 2000, in violation of section 84200, subdivision (b) of the Government Code.

On or about July 7, 2000, the Technical Assistance Division of the FPPC sent Respondent a courtesy notice, reminding him of the requirement that he file a major donor statement on or before July 31, 2000.

A search of the major donor statements on file with the Office of the Secretary of State establishes that Respondent failed to file a major donor statement by the July 31, 2000, due date.

By failing to file a major donor statement in a timely manner, Respondent violated section 84200, subdivision (b) of the Government Code.

CONCLUSION

This matter involves one count of violating section 84203 of the Act, and one count of violating section 84200 of the Act. Each count carries a maximum administrative penalty of two thousand dollars (\$2,000.00).

Respondent's violations are particularly serious because he failed to comply with any of the disclosure requirements incumbent upon him as a major donor, despite making large contributions totaling \$125,000 to a single committee.

The facts of this case therefore justify imposition of the agreed upon administrative penalty of three thousand, five hundred dollars (\$3,500.00).